



Department of the Navy Human Capital Strategy



June 2004

*“The Ability to Transform Is at the Heart of America’s Competitive Advantage.”
Secretary of the Navy Gordon R. England*







June 21, 2004

The Way Ahead

The Department of the Navy (DoN) faces a number of significant challenges as it continues its transformation from a Cold War force to a more agile and technology-based force. The events of September 11, 2001 have accelerated this transformation.

We are now engaged in a new kind of war, one for the very survival of our way of life. Our human capital challenge is to transform our processes and systems in order to properly execute the complex and demanding naval missions set forth in *Naval Power 21*. But we face those challenges with a very substantial head start. The Sailors, Marines, civilians, contractor employees, and volunteers who perform our serious and dangerous national security work comprise the best Total Force in the world.

Our vision will enable the DoN to implement a human capital management strategy that is high-performing, efficient, flexible, and properly aligned with our missions. We will put into place policies, programs, and procedures that encourage our people to continue to make the commitment and sacrifices naval service demands. We must offer those individuals opportunities and rewards commensurate with the sacrifices we ask of them. We must do this to ensure development of skilled, committed, and courageous leaders capable of meeting the challenges of the 21st century.

We have prepared this strategy to guide us and our successors in meeting these challenges, setting a new course for human capital management. The basic tenet of our strategy is that successful accomplishment of U.S. Navy and Marine Corps missions depends upon integrating the individual and collective talents, skills, and capabilities of the Total Force. In an age in which technology plays an increasing role in warfare, communications, and tactics, our people must possess the skills and organizational resources to use that technology effectively.

Our strategy envisions a new human capital management system that leverages technology to allow each individual to use his or her capabilities to make valuable contributions toward achieving our mission—afloat or ashore. We will honor and reward all contributions, especially those that are clearly exceptional. We recognize that people are our most important asset, and we will establish the mandate to treat them as the force multiplier they truly are.

Our strategy responds to the *President's Management Agenda* and to the priorities of the Secretary of Defense. It also incorporates the Secretary of the Navy's 2004 objectives. This strategy will—

- implement the National Security Personnel System for the DoN civilian force;
- transform our military personnel force by creating a modern human capital management system to replace the DoN's legacy human resources systems and achieve the objectives of *Naval Power 21*, *Sea Power 21*, and *Marine Corps Strategy 21*; and
- achieve active/reserve integration by rebalancing requirements and capabilities.

This human capital strategy represents the first step in what will be a complex process to meet the challenges of the 21st century. We are committed to its success.

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The Challenges

“The demands of the 21st Century security environment are markedly different from those that shaped the manpower requirements and personnel systems and policies that are used in the [Defense] Department today. The current set of human resources policies and practices will not meet the needs of the 21st Century if left unchanged.”

The Defense Science Board Task Force on Human Resources Strategy, February 2000

Even before 9/11, leaders in and out of the Department of Defense (DoD) came to realize that the nature of the military profession and its missions were changing in profound ways. In recent years, dramatic changes in the United States have been taking place that affect the Department of the Navy's (DoN's) available workforce pool and the competitive environment for the future. The significant and accelerating costs of personnel and related programs—now approaching 70 percent of the DoN's total obligational authority—may compromise or curtail critical investments in acquisition and other necessary operations and maintenance accounts. There is substantial agreement that naval human capital management needs to be more proactive, agile, and cost-effective to recruit, train, retain, and employ our future Total Force.

The *President's Management Agenda*, the Secretary of Defense's 2004 objectives, and the Secretary of the Navy's 2004 goals set forth the fundamental guidance and point the way into the future. Within that framework, we are fully committed to an ongoing transformation and realignment of the DoN's management of its most important resource—its people—that will ready the Navy and Marine Corps to meet the challenges of the years ahead. There are serious barriers that must be hurdled to make timely progress. Individual leadership exercised on a sustained basis at every level will provide the support to overcome these barriers.

Over the years, our nation has experienced a number of triggering events forcing hard choices. Such events, catalysts that changed the way the nation and DoD were organized and how they operated in a new strategic environment, have included the attack on Pearl Harbor, the Vietnam War, and the fall of the Berlin Wall. September 11th was a new triggering event.



Winning the global war on terrorism requires us to leverage technologies, business practices, human resources, and leadership principles to realize the full potential of our people in a global information age. To achieve this success, we require a *total force* of dedicated, courageous, innovative professionals—Sailors and Marines (active duty and reserve), civilians, contractors, and volunteers—who can master the challenges of this new operational and business environment. The naval services—the U.S. Navy and the U.S. Marine Corps—must accelerate their transition from the industrial/Cold War era to the 21st century’s global/information age. The message is clear—the DoN’s strategic environment is shifting rapidly, deeply, and in all dimensions—social, economic, and political.

The personnel systems of the Federal Government, DoD, and the DoN have remained fundamentally unaltered for half a century. Although many studies and reports have recommended sweeping changes, actual change has been marginal and has tended to deal with a few specific issues.

DoD is undergoing military transformation, is shifting roles from military to civilian personnel, and is increasingly contracting out large portions of its work. Unfortunately, much of the DoN’s system for managing its people is specified to such a level of detail that it is extremely difficult to adapt the workforce to meet new or emerging mission requirements. Nor is it easy to make substantial reductions in the cost (or cost drivers) of the force. The current workforce laws, policies, procedures, and practices are closely interrelated, they are very complex, and they strictly define the shape and operation of the DoN’s force. Most applicable management systems are





structured into a “one-size-fits-all” model. While in previous times these laws, policies, and processes may have served the nation’s needs well, today they must be recognized as severely limiting the DoN’s ability to meet its future challenges.

Will the DoN have to develop new ways to manage the Total Force if the sea services are to do their part in winning the global war on terrorism? The answer is “yes.” The overriding and critical issue for the Navy-Marine Corps team, then, is whether its current thinking, goals, organization, work processes, information infrastructure, financial systems, management controls, and performance metrics can provide what will be needed. To the extent that they cannot, strategies such as those discussed in the following pages must be developed.

“Some believe that with the United States in the midst of a dangerous war on terrorism, now is not the time to transform our armed forces. I believe that the opposite is true. Now is precisely the time to make changes. The war on terrorism is a transformational event that cries out for us to rethink our activities, and to put that new thinking into action.”

*Secretary of Defense Donald H. Rumsfeld
Transformation Planning Guidance, April 2003*

Major Developments Affecting the DoN's Human Capital

There are some emerging issues that will have a particular impact on the DoN's human capital strategy. One is the resources needed for modernizing naval forces. Another is the introduction of new technologies into the workplace. Finally, there is the effect of trends in the workforce driven by demographics and changing dynamics. The strategies set forth in *Naval Power 21*, *Sea Power 21*, and *Marine Corps Strategy 21* provide the background for discussing those issues.

Naval Power 21, Sea Power 21, and Marine Corps Strategy 21

These strategies foresee a world of frequent crises presenting varied and deadly threats. They anticipate increasingly complex challenges arising in a highly dynamic environment. Increased risk, dangerous uncertainty, and recurring conflict can be expected. The future environment will present unprecedented challenges of speed, variety, menace, complexity, novelty, and unpredictability.

To cope successfully with such a world, the DoN proposes to develop maritime forces characterized by—

- fully integrated operations,
- information and networking superiority,
- agility and flexibility,
- situational awareness and integrated joint logistics,
- rapid planning processes with speedy, streamlined information processing, and
- the ability to tailor joint strikes to deliver calibrated effects at precise times and places.



Workforce Trends

The DoN's effort to attract, retain, and develop personnel to perform naval missions will increasingly be challenged by trends in the following areas:

- Worker value: The quantitative decline in the nation's workforce relative to the magnitude of the tasks that will be laid on it will require great increases in productivity to maintain a rising national standard of living. This situation will unleash complex organizational competition for workers while simultaneously giving them unprecedented power and leverage to define the terms of employment.

- Diversity: While Americans have always been from diverse backgrounds, the degree of diversity in the future will be unprecedented and will pose new and highly complex opportunities to organizations.
- Personal fulfillment: People's aspirations and expectations are rising to unprecedented levels, and they are qualitatively different from what they have been in the past.
- Worker education: Education levels continue to climb. Attainment of higher education will increase in nearly every segment of the population, at all degree levels.

Emerging Technologies

The age of the bureaucratic model of organizational design is rapidly coming to an end. The external environment all organizations will confront in the future will likely be characterized by—

- unprecedented complexity and rapid change,
- proliferation of threats from unexpected areas,
- expansion of what is both unknown and unknowable,
- explosion of the volume of data and information as well as access to them, and
- shrinking reaction times, complexity, and unpredictability of change.



In turn, the internal capabilities of organizations must change to cope successfully with this new environment. How work is organized and performed will undergo profound change in order to achieve these capabilities. The attributes future organizations must possess to be successful include the following:

- Having resilient operations that can withstand a multitude of threats.
- Possessing the ability to analyze data rapidly and make real-time decisions (shorter assessment, decision, and action cycle times).
- Fostering creativity and being agile and reconfigurable as the environment changes.
- Being integrated, coordinated, and focused.
- Being quick to learn how to perform better and quick to unlearn habits causing poor performance.
- Capable of constant discovery and implementation of measurable improvements.

Emerging technologies will speed the abandonment of bureaucratic forms of organization and work design and will accelerate the movement toward process-centered organizations and process-managed work.



Constrained Resources

The DoN must compete with the other military services for funds within the top-line of the DoD budget. This competition for resources will intensify as most of the services simultaneously enter a period of recapitalization after a long hiatus in the process of replenishing their capital stock of new weapons and support systems. The current trends indicate the following:

- Significant and growing requirements for spending in the mandatory accounts.
- More competition for funds in the already shrinking discretionary accounts (DoD and others).
- A decrease in the availability of additional federal debt financing.
- An enduring ceiling on the total tax burden, which will constrain federal revenues.
- A risk that, decade after decade, the gross domestic product will fall short of the expected 3-percent growth rate, further constraining federal revenues.

Implications

The developments that have been outlined create a situation in which the DoN will have to address the issues that follow:

- **Budget constraints.** Budgets will remain constrained, while the cost of people is rising dramatically.
- **Spending pressures.** The cost of living, especially for housing and health care, continues to increase.
- **Growing technological complexity.** People will have to operate in a more complex, information-rich, and technologically sophisticated environment.
- **Skills and talent competition.** Future naval workforce needs will increasingly require individuals with the same skills and talents that are very much in demand by the private sector.



- **Increasing diversity.** The increasing diversity of the future workforce pool will require new strategies to access, manage, and retain its members.
- **Changing workforce demographics.** Workforce demographics continue to change. For instance, there is an increasing percentage of service members with families (especially junior members), and there are continued increases in single-parent families, members married to members, and dual-career families.
- **Changing workforce expectations.** The new workforce will have less tolerance for performing unskilled labor and will have an increasing desire for professional development. Its members will have a different perspective on the work-versus-life balance. Most new workforce entrants look forward to having multiple careers over their lifetimes.
- **Civilian workforce stress.** An aging federal workforce, a competitive job market, and years of government downsizing have created a situation in which much of the current civilian workforce desires and is eligible to retire in the next 5 to 10 years. The result is likely to be a critical loss of expertise and knowledge.
- **Changing workforce composition.** More and more roles are being filled by civilians, reservists, contractors, and volunteers. Current workforce policies and practices do not appropriately address this accelerating shift in roles.



The trends that have been discussed have led to the need to focus on ways to overcome the fundamental problems that they create. For the DoN to do so requires starting with a vision.

A Vision for the DoN's Human Capital in the 21st Century

"The DoN values and develops human capital as a principal resource to support readiness and mission accomplishment. This is the vision of and for the Sailors, Marines, and civilians who lead and comprise the naval forces of the nation. This is the vision of and for the Naval Total Force."

DoN Manpower Leadership Offsite, October 2003

Our analysis of this complex environment has brought into clear focus the vision we share for the human capital system of the future. That vision can be summarized as follows:

Valuing Our People

People are our most valuable asset, and their genius is the basis for our asymmetrical advantage in naval power. We think of our people as important assets, and we will apply their talents to gain the utmost advantage and will put them at the center of our plans and actions. By demonstrating the value we attach to our people, the DoN can attract and retain the skilled, talented, and motivated people we need.



Developing Our People

We will develop multi-skilled and enthusiastic people ready to meet the threats of the 21st century. By promoting the individual growth and development of our people, we will demonstrate our commitment to the individual and achieve our mission as a Total Force in service to the nation.

Relying on Human Capital As a Principal Resource

Competent, motivated, and dedicated people are the key to organizational success because only people can develop and employ ideas and equipment. Only people can invent, inspire, and persevere. Today we have the best Sailors, Marines, and civilians the DoN has ever seen. Tomorrow they will be even better.

Supporting Readiness

We will exert leadership at every level to ensure that all our programs provide the people needed to keep our forces ready to fight and win. We will adjust and create programs so the time, talent, and spirit of our people are never wasted. We will understand and adapt our training and warfare doctrine, and seek greater integration with joint forces.

Supporting Mission Accomplishment

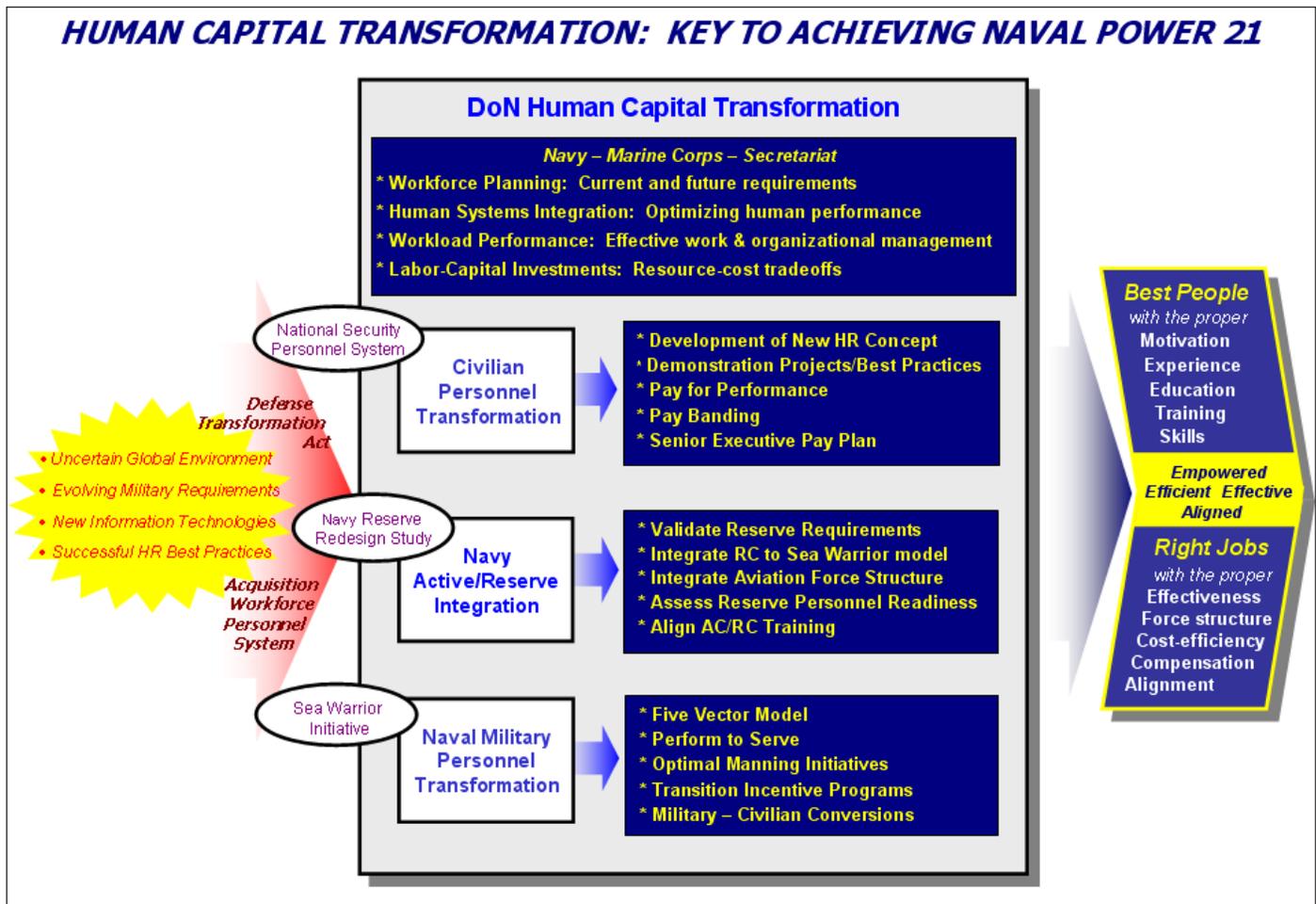
We will evaluate, align, and focus all our programs and actions by asking how well the DoN's management of its human capital contributes to mission accomplishment. With this focus in the forefront, we will create an environment in which all DoN personnel have confidence in themselves, in each other, in their weapons and equipment, and in the institution they have chosen to serve.



The DoN Human Capital Philosophy—Strategy—Goals

The Philosophy

The DoN will divest itself of those activities/functions that are no longer relevant to our core mission. We will assess our core competencies, determine what functions are inherently governmental, and carefully consider the cost of personnel (life-cycle costs for active-duty military personnel are, by grade, higher than those of their civilian counterparts). As a rule, we will contract out those functions determined to be non-governmental. Functions that are determined to be inherently governmental will be divided into three categories: those that should be carried out solely by civilians; those that can be performed either by military personnel or by civilians; and those that require performance by military personnel alone. For those functions that can be undertaken either by military personnel or by civilians, the National Security Personnel System will provide the flexibility and performance incentives to assign civilians to these positions.



The Strategy

Our strategy rests on the Secretary of the Navy's priority transformational objectives, through which the DoN will initiate the creation of a human capital system that is high-performing, efficient, balanced, aligned, and effective. It will enable achievement of the vision of *Naval Power 21*, *Sea Power 21*, and *Marine Corps Strategy 21*.

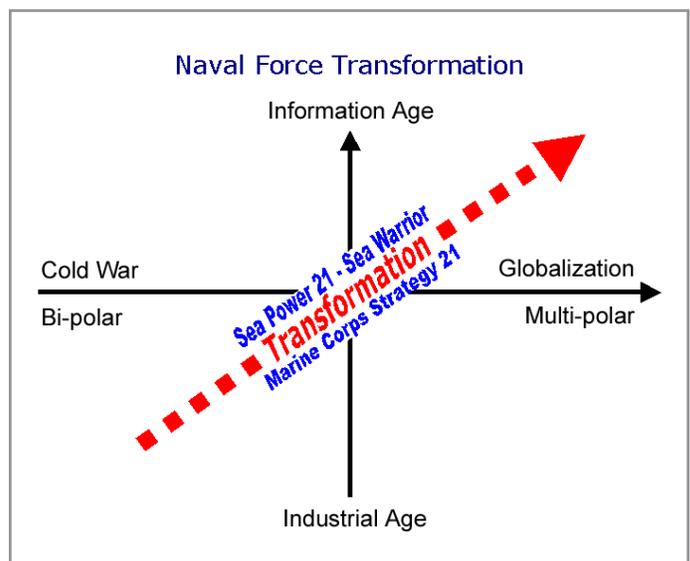
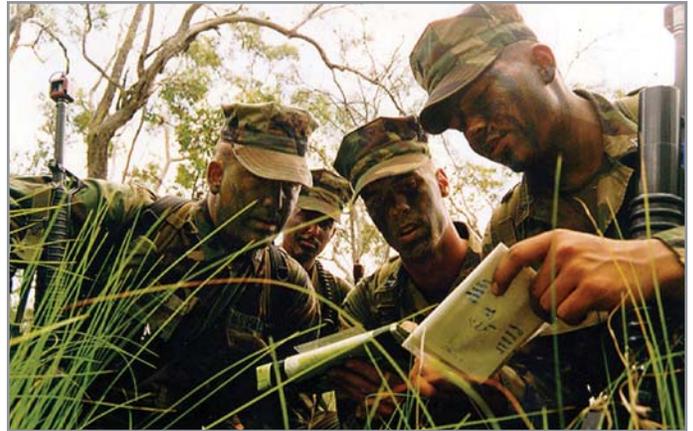
Our Overall Strategic Goals

Achieving our vision for the future of the DoN's treatment of its human capital requires the setting of strategic goals. These goals provide us with the essential avenues through which we will reach our vision. None of the following goals can stand alone. Each goal supports and in turn receives support from the others.

Our strategic goals are aligned with the vision and strategy articulated in *Naval Power 21*, *Sea Power 21*, and *Marine Corps Strategy 21*. The alignment rests on the understanding that people—Sailors, Marines, civilians, contractors, and volunteers—are the foundation of naval capabilities, and that their critical importance will only grow in the years ahead. This alignment will help exploit the advantages of networked systems, achieve new heights of mission readiness, and incorporate economy of operation.

These goals are the essence of the DoN's broad and ongoing transformation effort. All members of the naval team are participating in this transformation. Collectively, we must move away from a once-familiar world and into a dramatically different world—a global information age confronting us with multi-polar, globalized threats. As individuals, we must leave behind those things that can no longer support our mission, while holding fast to those things that are imperishable. Our highest standards and traditions call on us to be open, daring, and courageous in discovering, testing, and adopting new ideas and practices in our transformation effort.

This harmony of views explains why the strategic goals will build on the very best of our traditions, accelerate the numerous programs already under way, add new capabilities, and achieve alignment with our shared objective—naval forces that can fight and win in the future.



The strategic goals can be grouped into two broad categories, **people**-focused and **system**-focused. A discussion of the strategic goals in those groupings follows:

People-Focused Strategic Goals

There are three goals in this category. They are *Inspire*, *Develop*, and *Compensate*.

Inspire

Selfless service, rich Navy and Marine Corps traditions, and patriotism provide the spiritual foundation for the DoN's warrior culture and the warfighting spirit. In addition, the civilians of the DoN personally dedicate themselves to serve all Americans through their support of the naval services. All actions taken in support of these strategic goals must therefore protect, cultivate, and utilize that spirit to the utmost advantage of mission readiness.



One way of doing this is to ensure that our human capital systems and procedures make possible the fullest contribution each individual can make to our mission. Capitalizing on advances in information technology and human performance technology, the DoN's workforce will be empowered through a "whole person" approach to matching people to careers and jobs. In this way we will ensure that each individual has the opportunity to render high-quality service, deepening the commitment to mission accomplishment and promoting greater contributions to warfighting excellence.

Develop

The tremendous reservoir of intellectual capital residing in our people will be developed in an environment of lifelong learning and individual opportunity. Comprehensive planning and management of investments in training, education, and career/professional job opportunities will allow us to cultivate and focus the power of our people.

While we concentrate on developing our people, we will simultaneously ensure that all of our equipment acquisitions employ human systems integration (HSI). This technique builds the bridge between the technology and the user. Utilizing HSI helps create ease of use and precisely targeted training. The end result is a harmony of operation between our people and systems that will greatly contribute to overall mission readiness. In addition, we will employ embedded training when developing our systems so that our people can acquire needed skills rapidly with less mission down time.

The future naval environment will demand strategic leadership with the necessary competencies at all levels and components. All of our people will need to be developed appropriately to succeed in such a world.



As never before, actions by single individuals can have gigantic consequences. Our people must be prepared to succeed in such contingencies.

The challenge requires us to maximize component capabilities to develop individuals. Responsive, accessible, tailored, and effective individual development programs must be made available to DoN components.

The ability of our people to operate in a joint manner has become a core competency for the naval force as an integral part of the joint force. Developing this competency with care is a strategic need.

Compensate

We must create a compensation system that will allow the DoN to compete successfully for talent, encourage and reward performance, and recognize contribution. It will be realistic from the standpoint of affordability. By being market-based, it will be attuned to the reality of the overall labor force. It will treat individuals with fairness and be logical, simple, and comprehensive. And it will be innovative, recognizing that compensation is not just a matter of pay but also involves a multiplicity of other rewards and benefits, some of them intangible, that people will value.

It is also necessary to tie individual compensation to individual contributions to mission readiness. With this link between contribution and reward as the fixed point of the system, flexibility and adaptability can be built in so that organizational and operational requirements are met even as the situation changes.

Systems-Focused Strategic Goals

There are four goals in this category. They are *Recruit/Access*, *Manage*, *Force Shaping*, and *Separate/Retire*.

Recruit/Access

The right number and mix of individuals will be recruited and accessed for the Total Force—active and reserve military, civilians, contractors, and volunteers—to meet the needs of the DoN. The Total Force will reflect all of the appropriate aspects of America's diverse workforce pool. We will select the right individuals (talent, skill, and quality), people who are adaptable to changing requirements, versatile, and prepared for intellectual and personal growth. And we will provide flexible and timely accession processes.

Manage

The DoN will manage its total workforce through an aligned and integrated human capital system driven by determining and continuously validating Total Force mission requirements. Modern management tools are indispensable for an efficient human capital system.



As the tempo and complexity of the environment grows, it is vital for the DoN to have timely, accurate, complete, and relevant personnel information as well as information on associated workforce costs. This information is an absolute requirement for an effective management system. With this information we can navigate continuously to maximize our return-on-investment in people for the success of the naval force.

Comprehensive information also allows us to manage the life cycle of our people to ensure a better fit over time between individual and mission needs. Finally, it gives us the firm ground needed to improve the quality of our operations.

Integration will permit several different user groups to share commonly used resources. We will structure our system to provide the maximum of self-management and the lowest transaction costs. Finally, our management system will be composed of processes designed to meet both the mission readiness needs of our naval forces and the individual needs of our people.

Shape the Force

Tools for shaping the workforce will provide the requisite flexibility for the various career patterns, expectations, and motivations of the DoN's workforce—where one size doesn't fit all. The Total Force of active and reserve military, civilians, contractors, and volunteers can meet the demands of high operational tempos in support of joint operations only if it is shaped to do so. The combination of total workforce planning and the development of force-shaping tools can provide a Total Force that is internally balanced and mission-focused.

Total workforce planning will need to become institutionalized. Efficient and effective use of varying experiences, grades, skills, capabilities, and component mixes will be required in order to provide a multi-skilled workforce over time.

Achieving this balance will require versatility, market-based decisions, and broad incentives matched with innovative management. Flexible terms of employment, including provisions for lateral entry, and flow in and out of the different components and the private sector to meet both mission and personal needs will be necessary. In addition, complementary external employer partnerships for reserve component members should be developed.

Separate/Retire

A flexible, supportive separation/retirement system is needed in order to meet the DoN's specific employment needs for different workforce components, occupations, skills, and career paths. The system will permit individuals to make the transition to their "next career" at the right time and on good terms. It will provide multiple options to move between statuses (i.e., active duty military, reserve, civilian, and/or volunteer). Finally, when the members of the force are separated, they will be productive citizens and positive role models—better than when they entered.

Next Steps

It will be necessary to challenge many of the underlying tenets or traditions of both federal and military service if the needed transformation of human capital is to occur. First and foremost, this effort must begin with the end in mind. The DoN strategic vision, together with a set of clearly stated strategic goals, will focus and guide the development of the future human capital system.

We will create new models to replace the “one-size-fits-all” legacy models. Both private and public organizations are determining that one size *doesn't* fit all when it comes to attracting and retaining a high-quality workforce with varied requirements for differing sets of knowledge, skills, experiences, talents, interests, and expectations. Different career objectives must be defined and tailored in order to employ the Total Force at best value. This means, for example, significantly increasing career *flexibility* with regard to how people are acquired, assigned, compensated, promoted, and separated or retired. To succeed, the DoN must have a full array of force-shaping tools aside from money.

“The [Defense] Department needs to recognize that ‘one size’ does not fit all and to develop tools that allow flexibility for the different career patterns, compensation, expectations, and motivations in different occupations.”

Defense Science Board Task Force on Human Resources Strategy, February 2000.

The new arrangements for implementing the DoN’s human capital strategy will have the following characteristics:

- They will constitute a system that will manage the human resources of the entire organization, given their growing importance and higher costs, in order to derive the greatest value at the lowest cost to achieve mission readiness.
- Given the value and the cost of its people, the DoN will attract, develop, apply, manage, and leverage its people with the same rigor that is applied to managing the life cycle of materiel.
- All DoN activities involving people will be linked and aligned. The system must be transparent and permit people to move back and forth between components and workforce categories. Authority and accountability for the performance of the process will be vested in a process owner.





In the coming months, we will examine the following key issues to determine and support the basic changes needed in order to implement a new human capital management system that will address the problems identified:

- **Cost of manpower**—The cost of the various components of the workforce and of the total workforce must be identified. Areas of special concern are military retirement and health-care costs. Costs must be reduced to constitute a smaller proportion of the total DoN budget than they do today.
- **Total workforce management**—We have to decide how to achieve an integrated personnel system of active and reserve military, civilians, contractors, and volunteers, and also how to provide portability and flexibility in utilization of all workforce members as well as flexible career lengths and patterns of service for the military.
- **Civilian workforce management**—We need to determine how to effect the implementation of the National Security Personnel System and new concepts for managing civilians in positions of responsibility. How can the DoN increase flexibility in all management aspects, build a full and integrated team, and enhance the quality of the civilian workforce?
- **Joint force management**—It will be necessary to attain full mission and resource support and integration with the other services and with other government agencies. Related issues include compliance with Goldwater-Nichols, the Homeland Security role, and expanded use of expeditionary forces.



In order to move ahead, some initial actions will be undertaken. The DoN will—

designate the Force Management Oversight Council (FMOC) to oversee and support the work of the task force/team,

and

formally charter a high-level task force/team to lead the effort to establish a new DoN human capital management system.

FMOC MEMBERSHIP

Chairman:	Assistant Secretary of the Navy (M&RA)
Vice Chairmen:	Chief of Naval Personnel, and Deputy Commandant of the Marine Corps (Manpower and Reserve Affairs)
Members:	Commander, Naval Education and Training Command Commanding General, Marine Corps Combat Development Command Surgeon General of the Navy Chief of Naval Reserve Commanding General, Marine Forces Reserve Deputy Assistant Secretary (Manpower Analysis and Assessment) Deputy Assistant Secretary (Military Personnel Programs) Deputy Assistant Secretary (Reserve Affairs) Deputy Assistant Secretary (Civilian Human Resources) Assistant General Counsel (Manpower and Reserve Affairs)

The task force/team, with the support of the FMOC, will help develop the new system by taking the following key actions:

Identify areas for immediate action for approval by the FMOC and the ASN(M&RA).

Begin studies and analyses of selected issues.

Develop preliminary designs for the new system.

Outline broad policy and legislative changes required to implement recommended changes.

Develop an implementation plan including change management and performance measurements.

Conclusion

The message is clear and stark—the DoN’s strategic environment is changing rapidly, deeply, and in all dimensions—social, economic, and political.

The dramatic and accelerating costs of personnel and personnel-related programs, now approaching 70 percent of the DoN’s total obligational authority, will squeeze or curtail critical investments in acquisition and other necessary operations and maintenance accounts. At the same time, dramatic demographic changes are taking place that profoundly affect the available workforce pool and the competitive environment for future talent. Furthermore, there is substantial agreement that DoN personnel management needs to be more effective, agile, and—especially—cost-effective to recruit, train, retain, and employ the DoN’s future total workforce.

Being prepared for future crises requires leveraging technologies, business practices, human capital, and leadership principles to realize the full potential of the DoN’s people in a global information age. This success requires a *total force* of dedicated, courageous, innovative professionals—Sailors and Marines (active duty and reserve), civilians, contractors, and volunteers—who can master the challenges of this new operating and business environment.

Creating this modern, 21st century workforce along with the laws, policies, and systems to manage it will be a daunting task. This will not be done in a few months, but must be approached as a long-term, continuing process that needs to be started now, pressed forward in the near future, and nurtured on a priority basis for many years.

We will undertake this human capital transformation to achieve the vision of naval power for the 21st century:

“Our enduring role as America’s sea based force will permit the Navy-Marine Corps Team to assure access, fight and win, and continually transform. We will be decisive, sustainable, responsive, and agile, with people as the heart of the team. The Service Strategies represented in Sea Power 21 and Marine Corps Strategy 21 will focus our ability to transform while meeting the Nation’s global security demands and forming a crucial part of our nation’s joint force. We will capture business efficiencies through the Sea Enterprise initiative, and work toward an expanded naval force for the turbulent decades ahead. In a world of violent horizons, the Navy-Marine Corps team will serve America: anywhere, anytime, around the world, around the clock.”

Naval Power 21—A Naval Vision, October 2002





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